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January 22, 1999

EX PARTE OR LATE FILED

Hon. Magalie Roman Salas
 Secretary
 Federal Communications Commission
 1919 M Street, NW
 Suite 222
 Washington, DC 20554

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JAN 22 1999

FEDERAL COMMUNICATIONS COMMISSION
 OFFICE OF THE SECRETARY

Dear Ms. Roman Salas:

RE: SBC/Ameritech Merger, CC Docket No. 98-141 ✓
 GTE/Bell Atlantic Merger, CC Docket No. 98-184
 AT&T/TCI Merger, CC Docket 98-178

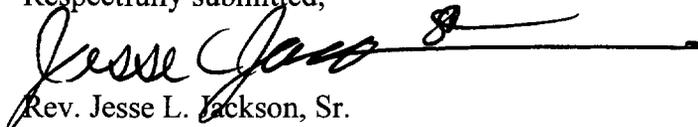
Transmitted herewith are an original and fourteen copies of the verified transcript of the public hearing convened by the Rainbow/PUSH Coalition and the Citizenship Education Fund on "Public Access to the Media and Telecommunications: A Democratic Imperative." The public hearing took place in Chicago, Illinois on March 15-16, 1998.

Our public hearing chaired by Congressmen Bobby Rush, John Conyers and Eliot Engel, included formal addresses delivered by Chairman Kennard, Commissioner Powell, and Assistant Secretary of Commerce Larry Irving.

The central question at our public hearing, and at your December 14, 1998 en banc hearing on the three pending telecommunications mergers, was whether consolidation in the media and telecommunications industry is a threat to democracy.

The witness testimony at our public hearing is timely and germane to the three mergers now being considered. Consequently, we request that the transcript of our public hearing be included in the records of each of the three merger proceedings.

Respectfully submitted,


 Rev. Jesse L. Jackson, Sr.
 President

Enclosures

JLJ/epr

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98-184

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JAN 22 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

TESTIMONY OF
THE REVEREND JESSE L. JACKSON, SR.
FOUNDER, RAINBOW PUSH COALITION

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION'S

EN BANC HEARING ON MERGERS AND CONSOLIDATION

December 14, 1998

The Rainbow PUSH Coalition
1002 Wisconsin Avenue, NW
Washington, DC 20007
202-333-5270
202-728-9011 (fax)
www.rainbowpush.org

Thank you for the opportunity to participate in this historic hearing.

We come here today at a critical juncture in the history of the FCC, corporate expansion and America. The FCC has an historic opportunity to enforce standards of fairness, inclusion and competition. The burden is on the applicants to show that these mergers are in the public interest. In some instances, these applicants have not yet met their burden and that is why oversight and enforcement are critical to the public interest. We come here today not to destroy the mergers, but to enforce the Telecommunications Act of 1996 and its intent, and to protect the covenants between the people and the FCC. We are also here to help the FCC set standards and timetables to open doors and expand opportunities for customers, workers and those who have historically been left behind.

We are concerned that the recent deluge of telecommunications mergers will likely cause consolidation of wealth, consolidation of ownership, and a resegregation of the telecommunications industry. Mergers in the local exchange market and consolidation among cable companies and long distance companies should concern the Commission, since they would put the control of our public wires in the hands of a very few. The Commission must consider whether these companies are willing to extend their telephone lines, offer lower prices and more opportunities to our nation's rural and inner-city areas. Displaced people must have the same access to telephone service as those living in affluent suburbs. That is the spirit of a true democracy. Thus, democratic values must guide your review of these mergers.

The Bell companies, GTE and AT&T/TCI have expressed confidence that their mergers will pass muster with the Commission because the mergers will help them compete on a global basis and offer phone service outside their home regions. On the other hand, consumers are concerned about lower prices. Workers are concerned about the elimination of their jobs through downsizing and outsourcing. And, the historically disadvantaged are concerned with inclusion, opportunity and access to information.

We are here to promote inclusion. The FCC must enforce the law to ensure inclusion.

There are numerous egregious examples of how the industry has been exclusive rather than inclusive. Historically, the Commission has been a co-conspirator in this practice of exclusion by awarding licenses to a select and small group of communications companies. As the century ends, there are no minority-owned wireline telephone companies, no minority-owned cellular systems, no truly diverse Boards of Directors, no minority merger advisors on Wall Street, and very few minority-owned cable TV franchises. These facts make a big, ugly statement about America.

Competition among a small group of companies targeted at a small segment of our society is not real competition. Competition is meaningful only when it breaks down barriers to entry and expands the market. Competition is meaningful only when telecommunications firms deploy facilities to all parts of society and compete for every customer not just the business customer or the affluent residential customer.

Commissioners, you must dig beneath the surface of each merger application to discover whether these companies are joining forces to improve customer service and the role of workers or merely to protect their territories and make larger profits.

In addition to evaluating the competitive effects of proposed mergers, the Commission must also consider other factors. Discrimination is a factor fundamental to the FCC's public interest review. Minorities and rural Americans pay taxes, contribute to the Social Security system, vote, and are consumers. The public interest is our interest.

Some at the FCC have argued that a merger analysis is not an appropriate forum in which to assess broader social policy questions. I disagree. The public interest demands more than a quick cursory review, more than a brief look.

I believe that it is in the public interest to eliminate **all** forms of discrimination. In reviewing a merger, the Commission should not determine that some discrimination is objectionable, while turning a blind eye to other forms of discrimination. The public interest clearly demands, and deserves, no less.

For example, some of the companies proposing to merge redlined video dialtone, pay phone and cable television service in the past. Inclusion means the end of redlining, a practice which is altogether unfair, unproductive, and illegal. While these companies now have developed anti-redlining policies, departures from company policy occur regularly. Therefore, the Commission should not act on these mergers without receiving commitments against redlining that are subject to close supervision by the FCC.

Irrespective of its decisions on these mergers, the Commission should undertake a comprehensive study of redlining in the long distance, local exchange, and cable TV industries, and develop strong, specific and enforceable standards to prevent these companies from marketing or providing enhanced service on the basis of race, geography or income.

There are bad mergers and good mergers.

All mergers are not inherently bad and merger executives are not necessarily led by greed or selfishness. Bad mergers preempt competition with neighboring service providers. Bad mergers create spinoffs that advantage only large companies and international firms. Bad mergers generate layoffs for thousands of hard working employees. Bad mergers use combined resources to enter overdeveloped, not underdeveloped, markets.

Historically, MCI and WorldCom committed these acts and that is why we opposed their merger. After the closing of their merger, they have done little to persuade us to change our position. MCI WorldCom sold its Internet company to a large foreign-based firm and is planning to sell its satellite systems without a commitment to diversity. Furthermore, MCI WorldCom last week announced a layoff of three thousand workers. They also continue to be cited by the FCC for imposing casual rates charged to their long distance customers. For nearly a year, the Rainbow Push Coalition has chosen research, education and negotiation over confrontation. We, however, reserve the right to protect the public interest through legislation, agitation and demonstration. Our protest and opposition to MCI WorldCom will continue until an enforceable, specific plan of inclusion is executed.

On the other hand, good people with good intentions along with enforced public policy make good mergers. Good mergers create new opportunities for consumers and entrepreneurs. Good mergers offer new, innovative services to everyone at competitive prices. When good companies merge, they spin off facilities to new market entrants at a reasonable price. Good mergers benefit the public interest and do not result in thousands of layoffs.

The three pending mergers offer potential to be good mergers, but only if the companies continue to make enforceable commitments to the FCC and Department of Justice that promote inclusion and protect consumer groups and labor organizations. First, there is a possibility that these mergers will increase competition among local telephone providers. For example, GTE has facilities in Santa Monica, San Bernardino and Thousand Oaks, California that will serve as a foundation for Bell Atlantic/GTE to compete for local service in Los Angeles. This facilities-based presence will permit Bell Atlantic/GTE to build out and compete with SBC/Ameritech and other local phone providers outside the Bell Atlantic region. Also, GTE is exploring ways to create the nation's first minority-owned independent telephone company.

Second, GTE's Internet backbone puts the new company in a position to offer enhanced services to residential low income and rural subscribers. However, the Bell Atlantic/GTE plan must include a stronger commitment to Internet and technology training

targeted to the minority community. We must not leave anyone behind as we move into the technology millennium.

SBC and Ameritech have good internal EEO and minority procurement programs and are also considering ways to promote minority ownership through spin-offs. SBC has also shown global leadership with its strong initiative to develop telecommunications systems in South Africa. These are positive steps.

However, SBC and Ameritech have outstanding challenges as well. Initially, their post-merger plan redlines residential customers by emphasizing the need to serve their large and mid-size business customers. They must do more to serve rural Appalachia where some inhabitants do not have basic telephone lines; and many Native Americans in the Southwest region are without access to the Internet.

AT&T's proposed acquisition of TCI also raises key issues. AT&T has strong programs that provide training to urban and rural areas and promote minority and women-owned enterprise. However, the proposed merger must still be reviewed closely because of AT&T's recent tax on low volume long distance customers, and TCI's repeated rate increases, questionable employment record and poor level of customer service. Fortunately, these companies are led by men and women of integrity with excellent track records of community service. Good men and women, however, must be directed by good public policies that lead to good results.

In closing, we need to develop a new covenant between the government, the private sector, and our communities. We need to create a new approach to evaluate mergers that

fosters a policy of inclusion and opportunity for consumers, workers and those who historically have been left behind. Let's work together to build a tent large enough to include all segments of society and forge an alliance with the FCC and the telecommunications industry to heal the breach of the American dream.¹

1. The Rainbow Push Coalition respectfully requests that the written testimony for this proceeding and the field hearing Rainbow Push convened in Chicago be included the record of this hearing and the pending merger proceedings.

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JAN 28 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**PUBLIC ACCESS TO THE MEDIA
AND TELECOMMUNICATIONS:
A DEMOCRATIC IMPERATIVE**

A Public Hearing Sponsored
by the RAINBOW/PUSH
Coalition and the
Citizenship Education Fund

Hearing Co-Chairs:

Hon. Bobby L. Rush
Hon. John Conyers, Jr.
Hon. Eliot L. Engel

Sunday, March 15 and
Monday, March 16, 1998
RAINBOW/PUSH Coalition
National Headquarters
930 East 50th Street
Chicago, Illinois 60615

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1 Sunday, March 15, 1998, Evening

2 P R O C E E D I N G S

3 CONGRESSMAN RUSH: If you all will take your
4 seats, please. We are going to get started. But before
5 I officially get started and before I introduce the
6 Reverend, I am going to ask you to stand and introduce
7 yourselves, and let us know a little bit about you and
8 the company you represent, who you represent, and I am
9 going to start with -- at my right, your left, the young
10 man right here, and we will just proceed.

11 MR. HALL: Corey Hall, representing the
12 Citizens Newspaper.

13 CONGRESSMAN RUSH: He is representing the
14 Citizens Newspaper. You are going to have to speak loud
15 and distinct. He is getting everything down.

16 MS. STEPPES: Janis Steppes from All Around
17 Sports. I am accompanying Frank Jordan.

18 MR. JORDAN: Frank Jordan from San Diego,
19 California.

20 CONGRESSMAN RUSH: Hold it for just a moment.
21 Maybe you can pass the microphone around. It is

1 important for the Court Reporter to get the names right
2 and the company. Would that mike be all right? Step up
3 to the mike.

4 MR. MILLSAP: Jim Millsap. CySpace City
5 Market. We are an Internet development company.

6 MS. RYAN: My name is Leslie Ryan, reporter
7 from Electronic Media.

8 MR. WRIGHT: I am Tim Wright, Chief of Staff
9 for Congressman Bobby L. Rush.

10 MS. ROSENBLUM: I am Susan Rosenblum, Senior
11 Policy Advisor for Congressman Bobby Rush.

12 MR. SESSOMS: I am Furmin Sessoms, and I am
13 Executive Director of the Chicago South Side Branch of
14 the National Association for the Advancement of Colored
15 People.

16 MR. McMILLEN: Londell McMillen,
17 Communications Entertainment, attorney, New York.

18 MS. HILL: Kimberly Hill, Congressman John
19 Conyer's office.

20 MS. STROUD: Vanessa Stroud, representing
21 Jovon Broadcasting here in Chicago.

1 MR. STROUD: Joe Stroud, representing Jovon
2 Broadcasting, WJYS-TV here in Chicago.

3 MR. SHELTON: Gary Shelton, representing
4 LightCom International, an African-American and Hispanic
5 owned facilities-based carrier.

6 MR. EDWARDS: Manus Edwards, representing
7 Heritage Telecom, Washington, D.C. based. I am
8 representing Louanner Peters. She couldn't make it
9 today, and she is presently licensed in seven states now.
10 Thank you.

11 MS. GAINES: Donna Gaines, President of the
12 Phoenix Company and Technology Company in Chicago and Co-
13 Chair of the Technology Group at RAINBOW/PUSH.

14 MR. KYLES: I am Dwain Kyles. How are you,
15 Congressman? I am an attorney from Chicago.

16 MS. RAINEY: Cheryl Rainey, President of
17 Rainey Telecommunications and member of the PUSH
18 Technology Group.

19 MR. BRADLEY: Steven R. Bradley, Communication
20 Group, Los Angeles.

1 MR. CAMARILLO: Good evening. My name is
2 Mateo Camarillo, Chairman of the Board of Integrated
3 Communications Group Corporation, Inc. We are a P.C.S.
4 carrier. We have ten licenses in eight states, one of
5 the few minority-owned companies licensee.

6 MR. BELL: Christopher Bell. I am in the
7 media telecommunication practice at Price Waterhouse, New
8 York and Chicago. I am also publisher of the Minority
9 Telecom Strategy Newsletter which serves minority
10 telecommunication entrepreneurs.

11 MR. STERLING: Renault Sterling, consulting
12 engineering firm.

13 MS. SPRINGS: Annette Springs, US West
14 Communications, Inc. out of Denver, Colorado in the
15 Diversity Affirmative Action Corporation.

16 MR. WHITE: Al White. I am with CitiCorp
17 Scientific Investment Banking House in Wayne,
18 Pennsylvania.

19 MR. BOYKIN: Ernest Boykin, President of
20 Capital Commitment, a telecommunications training school
21 in Washington, D.C. We train in all aspects of basic

1 telecommunications and insulation; and we get people
2 jobs.

3 MR. BYRD: I am Louis Byrd, III. I am a
4 freelance photojournalist and a board member of the
5 Chicago Association of Black Journalists.

6 MS. HARKLESS: I am Angela Harkless. I am a
7 media and telecommunications attorney. I have my own
8 practice, the Harkless Law Firm, and I also do business
9 in marketing and diversity consulting with Harkless
10 Communication International.

11 MR. MONTGOMERY: My name is Bruce Montgomery.
12 I am President of Montgomery & Company, a computer and
13 communications system here in Chicago.

14 MR. PATTERSON: My name is Greg Patterson,
15 President of Star Base Technology. We are a local area,
16 wide area company. We also sell specialized software for
17 students attending public schools.

18 MR. BROADWATER: My name is Tom Broadwater. I
19 represent Media One Division of U.S. Media Group. We are
20 in the broadcast service business, cable television.

21 MR. THOMPSON: I am Abe Thompson,

1 T-h-o-m-p-s-o-n, President of Focus Radio Corporation and
2 RAINBOW/PUSH board member.

3 MS. MITCHELL: My name is Janice Mitchell. I
4 am the owner of T&B Communications of Florida, in
5 Orlando, Florida.

6 MR. MITCHELL: My name is Frank Mitchell,
7 M-i-t-c-h-e-l-l, President of T&B Communications, a long
8 distance provider in Orlando, Florida.

9 MS. SMITH: I am Janet Smith with I.B.
10 Planning Group, a management consulting firm in Potomac,
11 Maryland, and New York City.

12 MR. ESTRADA: I am Ruben Estrada, Vice
13 President for Government Relations, Spanish Broadcasting
14 System. The Spanish Broadcasting System is the largest
15 Hispanic-owned and operated broadcasting system in the
16 country. We have ten facilities presently around the
17 country.

18 MS. JEFFRIES: I am Joy Jeffries of Sherman
19 Oaks, California.

20 MS. LEVER: Loretta Lever, General Manager at
21 KYFX, 99.5 in Little Rock, Arkansas.

1 MR. LARKIN: I am C. Carroll Larkin, Senior
2 Vice President, S.B.S., Spanish Broadcasting System.

3 MS. WILLIAMS: Marilyn Williams, owner of
4 Marilyn's Hair Care Service in the Chicagoland area and
5 member of the National Cosmetology Association.

6 MS. HAWES-SAUNDERS: Good evening. My name is
7 Ro-Nita Hawes-Saunders, President and General Manager of
8 Hawes-Saunders Broadcast Properties. I own two FM radio
9 stations in Dayton, Ohio.

10 MS. MURPHY: I am Pearl Murphy, Executive
11 Director, African-American Media Incubator Broadcast
12 Training School, Washington, D.C. And also we have our
13 own weekly radio broadcast program in Washington, D.C.

14 MS. MURPHY: Keith Murphy, the Administrator
15 of the African-American Media Incubator in Washington,
16 D.C.

17 MR. MC ALLEN: William McAllen, photojournal-
18 ist here at Operation PUSH.

19 MR. SOUTH: Carl South, General Manager,
20 Damron Communications.

1 MS. STEPPES: Janice Steppes. The name of my
2 company is All Around Sports, and I also design
3 specialist for advertising and fashion design.

4 MR. JORDAN: Frank Jordan. I am President of
5 the Worldwide Community Broadcasting Company, and I want
6 to say thank you, Reverend Jackson. I am out of San
7 Diego, California. We picked up our first frequency on
8 the west coast. Thank you for having this workshop.

9 CONGRESSMAN RUSH: Give yourselves a big round
10 of applause, please.

11 (Loud applause.)

12 CONGRESSMAN RUSH: Before I introduce and
13 bring on Reverend Jesse Jackson, Sr., would you please
14 acknowledge and welcome and give a round of applause to
15 Congressman Jesse Jackson, Jr., my colleague.

16 (Loud applause.)

17 CONGRESSMAN RUSH: We are here tonight because
18 of the vision of one man, a man who has brought us
19 together because he decided to take a stand, to make a
20 change once again. He was introduced earlier today at a
21 political rally as being probably -- as being the most

1 effective and most relevant American today, serving for
2 each and every one of you.

3 We can all share that conclusion, that char-
4 acterization of this outstanding gentleman.

5 Frankly, I am honored and privileged to be
6 able to introduce him to some and present him to others
7 because not so long ago, a few decades ago, he indeed
8 literally saved my life. As I was trying to escape the
9 police agencies and the police forces in this city who
10 had just murdered a close friend of mine, Fred Hampton, I
11 called him in the wee hours of the morning and asked him
12 to give me refuge, to allow me to turn myself in to him
13 in front of the public so I would not be murdered or
14 maimed by the police department.

15 So, you can see how privileged and how honored
16 I am at this particular occasion to introduce someone who
17 has made a difference in all of our lives collectively
18 and individually. It is his vision that we are here
19 today. It is his commitment that we are here today. It
20 is with his force of personality and sense of justice,

1 economic, social and political justice that we are here
2 today.

3 Please welcome the Reverend Jesse Louis
4 Jackson.

5 (Loud applause.)

6 REMARKS BY REV. JESSE JACKSON

7 REV. JACKSON: Thank you very much. Thank
8 you, Congressman Rush. I am just the humble father of
9 Congressman Jesse Jackson, Jr.

10 I want to express my thanks to all of you who
11 are present tonight, especially to the Chair of our
12 RAINBOW/PUSH Wall Street Project for the Life of American
13 Entrepreneurship and In the World Today, Maceo Sloan --
14 Maceo, please stand.

15 (Loud applause.)

16 REV. JACKSON: Also, I want to introduce a
17 member of our staff, the Special Counsel for the
18 RAINBOW/PUSH Coalition, Attorney David Honig.

19 (Loud applause.)

1 REV. JACKSON: I want to introduce our New
2 York Wall Street Bureau Chief, Chee Chee Williams, please
3 stand.

4 (Loud applause.)

5 REV. JACKSON: Our Washington Bureau Chief,
6 Karin Stanford, please stand.

7 (Loud applause.)

8 REV. JACKSON: Our Washington Bureau Chief,
9 Dr. Karin Stanford, please stand.

10 (Loud applause.)

11 REV. JACKSON: Other members of our staff,
12 other staff members, please stand, whoever you are.
13 Staff members, please stand.

14 (Loud applause.)

15 REV. JACKSON: I want to just tell you how
16 delighted I am to host this event, and to Congressman
17 Bobby Rush for you and your staff working so diligently
18 to make this event successful.

19 Those of you who come from various places
20 around the country in this evolving definition of what we
21 ought to do -- perhaps you go to many other conferences

1 that are more concrete, more specific, but this
2 conference is not being handed down to you from a lofty
3 place. Reach out for us to come together and work out a
4 job description for us to share and work with each other
5 and get to know each other in ways that we do not know
6 each other.

7 But for many spectrums of life we find our
8 interests converging. Clearly we see within this
9 industry patterns of the resegregation of ownership and
10 the revival of monopoly and too much concentrated power
11 in the hands of too few people, and thus the decision
12 that the Congress has to make in light of the matter they
13 -- open, free, and fair competition, the decision the FCC
14 has to make is to choose democracy or monopoly -- fair,
15 broad-based access, unlimited access.

16 I am sure those of you who have come tonight
17 from San Diego and Washington and various places must
18 have a beleaguered feeling, a sense of being alone,
19 fighting these battles. Hardly anybody in your town
20 stands with you because it seems that the information age
21 technology is moving so fast that we are entertained by

1 it. We are certainly not being emancipated by it and
2 don't have a sense of where we see the train coming down
3 the track. But where does it stop? Where does the train
4 stop?

5 Most of us heard about the fact that the train
6 was already around the curve going on down the road. We
7 couldn't get in front of it to sacrifice ourselves to
8 stop it. The train already whizzed by.

9 We made some effort to get enough information
10 and to build enough of a staff to do the necessary
11 research to pull you together to say this train is our
12 train, this is our nation.

13 Our government did the research and gave away
14 the radio technology exclusively and preferentially to
15 white males only, and only a few of them.

16 Our government did the research and through
17 preferential treatment gave them all the TV channels the
18 same way, and except for just a blip in time of tax
19 certificates, nothing has happened to stop the prefer-
20 ential recycling.

1 There was some promise that, given the
2 domination of ABC, CBS and NBC, something called cable
3 came along, and we would have access to cable and some
4 ownership, and then something called Internet, and here
5 it is.

6 And so it seems that the convergence and
7 concentration and power of monopoly now continues
8 unabated. For the very wealthy, the roof has been
9 removed; for the poor there is no floor; and for the
10 middle class there is a sense of marginalization.

11 This past week we had an interesting meeting
12 down in Jackson, Mississippi at the WorldCom Meeting.

13 In our RAINBOW/PUSH Wall Street Project, we
14 have bought stock in not more than fifty corporations,
15 and two of them happen to be WorldCom/MCI, given the
16 ramifications of the attempted merger.

17 As I prepared for the meeting on Wednesday and
18 thought about our struggles in Mississippi down through
19 the years and what we had gone through in organizing the
20 Wall Street Project a year ago, I said then, and it's
21 even clearer now, "We are entering a new stage of our

1 social justice struggle." And most of us are holding on
2 by threads to it, and losing a grip.

3 But if I were trying to define, Bobby, this
4 stage of our struggle, because one stage leads to the
5 next stage. Some people never get a grip on what stage
6 they are in.

7 As they go from Stage A to Stage B, you feel
8 it necessary to negate the previous stage as if they have
9 had some original idea, and this stuff really builds upon
10 itself.

11 If I were writing a Freedom Symphony and the
12 Symphony has four movements in it, the first movement
13 necessarily had to be "end slavery," a long period of
14 Africans subsidizing America's development. Two hundred
15 fifty years of work without wages is a subsidy. Two
16 hundred fifty years of low market value is a subsidy.
17 Two hundred fifty years where blacks -- it was illegal to
18 own a cup of dirt. You couldn't buy a cup. You couldn't
19 inherit it. You couldn't earn it.

20 It was not a race gap, but a trade gap, a
21 trade deficit. Locked out. Imbalance of trade.

1 So all their energy in that stage is about
2 ending slavery, a traumatic first movement.

3 The next movement was public accommodations.
4 Equal protection under the law.

5 And finally, by 1954, at least the Supreme
6 Court ruled on public accommodations and we got it con-
7 firmed in '64, ten years late.

8 The third phase of our movement was political
9 enfranchisement, the right to vote. And most of our
10 business, most businesses of blacks and browns, really
11 those kinds of businesses are post-1965.

12 The Voting Rights Act, many doors opened that
13 previously had been closed.

14 Having said that, slavery was Stage A, and the
15 public franchise was Stage B, and the political franchise
16 was Stage C.

17 The fourth stage is Wall Street. Capital with
18 capital.

19 We have two systems: A political system that
20 you vote for people, and an economic system that you get
21 preference and inherit or recycle, two different systems.

1 And it was so graphically portrayed to me when we went to
2 Jackson this past Wednesday of challenging that merger
3 raising questions.

4 The first thing we did when we got to town, we
5 met with the leadership -- met with some black ministers,
6 and headlines in the paper read: "Jackson Not Supported
7 by Black Preachers in the Protest at WorldCom."

8 I didn't come as a protester, I came as a
9 shareholder. There were presumptions about my coming to
10 protest. I came as a shareholder.

11 So, I met with the Reverends. I said,
12 "Reverend, I understand according to the paper that you
13 are rebuffing a protest. I do not intend to leave."

14 By the way, they interviewed the entire
15 WorldCom [unintelligible] and they said no. I said it is
16 unusual for non-shareholders to have such public opinions
17 on the affairs of shareholders.

18 So that night we had a mass meeting at Masonic
19 Temple, about 800 people there, including the President
20 of the City Council, Armstrong, and several of the
21 senators and representatives from the state legislature,

1 men and women with whom I have worked for the last twenty
2 or twenty-five years, and I said, "By the way, do any of
3 you in the room have a share of stock in WorldCom?" And
4 no hands went up.

5 Now, Jackson is about 65 percent black --
6 Mississippi is between 40 and 50 percent black, and
7 blacks in that state, in that city alone, represent \$30
8 million a year in phone bills.

9 So, I said to the President of the City
10 Council with whom I had marched for redistricting and the
11 right to vote in Mississippi, I said, "What is the city
12 budget of Jackson?" He said, "About \$100 million."

13 I said, "The parties work real hard in running
14 elections for the City Council, and ultimately there is
15 elected a President, and that is you, President of the
16 City Council." He said, "Right."

17 I asked David Jordan of Greenwood, I said,
18 "David, what is the State of Mississippi's budget?" He
19 said, "About \$3.1 billion."

20 Good. So we got some state representatives,
21 some chairmen of committees. We finally got there.

1 I said, "So, now you have a \$100 million
2 budget, \$3.1 billion for the state," and I said -- asked,
3 "Are either of you elected officials going to the
4 WorldCom meeting tomorrow?"

5 They said, "No, we are not going there, we
6 don't have any shares. We have our duties."

7 I said, "Now, gentlemen, there is a \$42
8 billion deal being discussed right down the street which
9 is exactly 13 times -- 12 and a half times bigger than
10 the whole state budget," and there was nobody in the
11 room, not one elected official, not one minister who had
12 any stock or any sense of the meeting whatsoever.

13 And yet it was the premise "that we are a
14 Mississippi firm, non-union right-to-work law state,
15 indigenous with the people kind of company."

16 And I said, "We need to address why none of us
17 are in this meeting."

18 It is not that these are people without
19 courage. Surely leaders in Mississippi have -- have had
20 bullets and dogs and all that. But the sense is that we
21 have a cultural blinder to this stage of the struggle.

1 It is like our mindset has got no further than Capitol
2 Hill. But there is a hill beyond Capitol Hill. There is
3 a higher hill. It is a more powerful hill -- purchases.
4 It is another hill. And by and large, we have no
5 collective strength on the higher hill. We don't have
6 that strength.

7 Now, without our presence at that meeting, Mr.
8 Congressman, on Wednesday there would have been -- the
9 Mayor, for example, who is fighting to keep jobs in
10 Jackson, he did not use a piece of stock in his position
11 as Mayor to fight to keep jobs from going to the suburbs.
12 So the council was just fighting for a tax base. It
13 didn't see its place there.

14 The state legislators didn't see their place
15 in it.

16 So, at best they had some jobs on the
17 Mississippi end, none of them executive, at that time
18 none of them on the board, but no action on the Wall
19 Street end, no underwriters, no bonds, no nothing,
20 completely out of their end of the deal.

1 But now we intend to change that. That is
2 what this meeting is about. We demand democratic access
3 to every facet of the media, whether it is radio or TV,
4 or Telstar or Internet, whatever the deal is, this is our
5 land. It is our land. And understandably enough, in
6 this stage of our struggle, there are different
7 alliances.

8 For example, Communication Workers of America
9 have an interest in this. BellSouth, Bell Atlantic, they
10 too have an interest in this -- because in resegregation
11 it hits blacks, browns and Asians in a certain kind of
12 way, but revival of a monopoly makes even big people look
13 little because the concentration is so absolute and so
14 huge.

15 So, it is a struggle for that.

16 So, we have met with the Commissioner Powell,
17 Chairman Kennard. We have met with all of them as a
18 matter of fact. They will be here tomorrow. But we
19 intend tonight to get a sense of where you are with these
20 presenters and tomorrow more will be coming in. That we

1 might have, come out of here with some points, Mr.
2 Chairman, on the situation. Therefore, what shall we do?

3 There is no sense -- There is a seven-point
4 plan that Tom Joyner can say, "I am with the deal," or
5 Catherine Hughes, there is no sense that there is a
6 democratic mass communication-Internet agenda around
7 which the people whose it is, have something to say. It
8 is like somehow this is like beyond us. It is like that
9 we can grab it. It is grabbable. It is stoppable. We
10 can force new deals. We can force renegotiations. We
11 can force consideration.

12 Our Congressman is on the committee and our
13 citizens must be wired. Past precedents won't do unless
14 we make it happen to be in the deal. But that is what
15 this is about, and we have been able to convene some very
16 able experts with whom we will engage basically to
17 establish some new relationships and some bonding.

18 We have all done lots of very diligent, able
19 individual work, but the sum total of our parts don't
20 equal a whole, because there is not enough juice to
21 challenge a merger. There is not enough juice to

1 position ourselves when we go at it the way we have been
2 doing it historically.

3 There are some people who are not here who
4 should be invited that we didn't even know to invite.
5 But there will be another meeting. We are going to build
6 a movement, and this thing that is a team -- the open
7 access is a democratic imperative. We challenge our
8 Congress, we challenge the FCC to hold fast to the
9 principles of fair competition, and access to all forms
10 of media is a democratic imperative.

11 Thank you very much.

12 (Loud applause.)

13 CONGRESSMAN RUSH: Thank you, Reverend
14 Jackson, for that charge, and I do have an opening
15 statement, but in lieu of the time, I'm going to just
16 proceed to the presenters.

17 Let me say that Congressman John Conyers, and
18 Conyers is the ranking member of the House Committee on
19 the Judiciary, and Congressman Eliot Engel, who is one of
20 my colleagues on the Commerce Committee and the
21 Telecommunications Subcommittee, both of them will be

1 present tomorrow. They are on their way, and they will
2 be present tomorrow, so they will participate in this
3 hearing also.

4 I am going to proceed further, and I want to
5 make sure that my opening remarks are included in the
6 official record. But time is passing, and we need to
7 move forward.

8 It will be inserted into the record at this
9 point.

10 OPENING STATEMENT

11 CONGRESSMAN BOBBY L. RUSH

12 Good evening. And welcome to Chicago and the
13 First Congressional District of Illinois which I am proud
14 to represent in Congress.

15 I want to thank Reverend Jesse Jackson and the
16 RAINBOW/PUSH Coalition Wall Street Project and the
17 Citizenship Education Fund for inviting me to serve as
18 Chair of this important event.

19 I also want to extend a special thanks, and
20 welcome, to my distinguished colleagues, Congressman John
21 Conyers, Ranking Member of the House Judiciary Committee,

1 and Congressman Eliot Engel, who serves with me as a
2 member of the House Commerce Committee and the
3 Subcommittee on Telecommunications. Congressmen, I know
4 firsthand of your commitment to these issues, and I
5 appreciate your taking time from your busy lives to join
6 us.

7 The title of this hearing, "Public Access to
8 the Media and Telecommunications: A Democratic
9 Imperative" is appropriate. Our challenge over these
10 next two days is to revisit the sweeping changes made by
11 the Telecommunications Act of 1996 and ask the difficult
12 questions: to what extent has this law, hailed as
13 landmark legislation by the industry and Congress, opened
14 the doors and created new opportunities for small
15 businesses, especially those owned by women and
16 minorities?

17 Are our schools and libraries, especially
18 those in economically underserved communities, both urban
19 and rural, able to take advantage of and benefit from the
20 e-rate and universal service provisions of the Act? How

1 has the Act impaired economic development, education,
2 culture, public health and civil rights?

3 When Congress passed the Act, we heard a lot
4 of discussion about extending the benefits of
5 telecommunications and deregulation to the public and the
6 industry. What benefits did the Act promise, and do we
7 have the data to begin to assess who is truly benefitting
8 from the Act? If certain groups who were at the table
9 when we put this legislation together believe that they
10 are being excluded, how do Congress and the Federal
11 Communications Commission act to address this gap?

12 I look forward to facilitating a vigorous
13 discussion of these and other issues. I am proud to
14 serve as a Member of the House Commerce Committee that
15 drafted the Act. Because I worked very hard to ensure
16 that the Act included provisions to expand universal
17 service and business and employment opportunities for
18 small companies, especially those that are women- and
19 minority-owned, I am particularly concerned that we
20 assess what has happened.

1 You will hear from some distinguished
2 panelists, representing a diversity of perspectives.
3 They include leading FCC officials as well as repre-
4 sentatives of both small and large companies, scholars,
5 civil rights and consumer groups, labor, and the academic
6 community.

7 Tomorrow morning we have the honor of hearing
8 from the Federal Communications Commission Chairman
9 William Kennard. And tomorrow afternoon, FCC
10 Commissioner the Honorable Michael Powell will address us
11 at the plenary.

12 I also would like to extend a special welcome
13 to Catherine Sandoval, Director of the FCC Office of
14 Communications Business Opportunities who is on our panel
15 this evening. Ms. Sandoval has been instrumental in
16 overseeing the implementation of the Act's goals to
17 expand business opportunities for women and minorities in
18 the industry and to implement the e-rate program to
19 enable schools and libraries to connect to the
20 Information Superhighway. Her remarks and input promise
21 to be informative.

1 Although this is not an official Congressional
2 hearing, **it is a hearing by and for the people.**
3 Therefore, a transcript of the proceedings will be
4 produced and formally provided to the FCC, the Antitrust
5 Division of the U.S. Justice Department, and the
6 Department of Commerce. This transcript will provide
7 valuable information and documentation that the FCC,
8 Congress, other agencies and groups can use in the future
9 in guiding public policy.

10 Our first panel this evening, "The State of
11 Minority Participation in the Media and Telecom
12 Industries," will set the framework for the conference.
13 We will be looking at such issues as who controls the
14 telecommunications industry and what is the past,
15 present, and future role of minorities in that industry?
16 How have the provisions of the 1996 Telecommunications
17 Act impacted the ability of small and minority-owned
18 companies to enter the media and telecommunications
19 industry?

20 Now, two years after Congress passed the Act,
21 do the data suggest that we need to revisit any of the

1 Act's provisions, or at least think about under what
2 conditions implementation of the Act's provisions need to
3 proceed?

4 Our first presenter this evening is Dr. George
5 Gerbner. Dr. Gerbner is the Bell Atlantic Professor of
6 Telecommunications at Temple University, and the founder
7 and the chair of the Cultural Environment Movement.

8 From 1964 to 1989, Dr. Gerbner was Professor
9 and Dean of the University of Pennsylvania's Annenberg
10 School of Communications.

11 His most recent books include Invisible
12 Crises: What Conglomerate Media Control Means for
13 America and the World.

14 His other book is Gender, Race and Class in
15 the Media.

16 For 26 years Dr. Gerbner has supervised the
17 leading longitudinal study on minority representation in
18 network television programming.

19 Dr. Gerbner is generally recognized as the
20 dean of American communication scholars.

21 Please welcome Dr. George Gerbner.

1 (Loud applause.)

2 STATEMENT BY DR. GEORGE GERBNER,

3 Bell Atlantic Professor of Telecommunications

4 Temple University; Chair,

5 Cultural Environment Movement

6 DR. GERBNER: Thank you very much.

7 Minorities are not born; they are made.

8 Minorities are not additional numbers, but accretion of
9 power. Any group including women which happens to be the
10 majority of the population is sometimes called a minority
11 because it does not have the proportionate role and
12 position in the structural power that its numbers would
13 demand.

14 And what makes the situation acceptable? What
15 makes it difficult to resist? What makes it difficult to
16 change is not the lack of effort or the lack of brilliant
17 leadership such as the Reverend Jesse Jackson, as you
18 have just heard, but I think it is a lack of
19 understanding of the full scope of the challenge and what
20 we are up against.

1 What we are up against is a socialization
2 process. That in the first six years of life that
3 marginalizes some groups and makes others privileged and
4 feel that they have more power and act like it.

5 Socialization process is what I call:
6 Storytelling.

7 You know, most of the things that we know or
8 think we know, we have never personally experienced.
9 Unlike all other animals, we only know what a person has
10 experienced or what they instinctively possess. Human
11 beings are the only creatures that live in an environment
12 of our own creation.

13 We are in this hall, not because it is a good
14 way to get out of the snowstorm because it is warm and
15 comfortable and because of the company, we are in this
16 hall to exchange stories. We are in this hall to
17 exchange ideas. That process begins in infancy, and it
18 conditions us to accept many of the things that we should
19 be resisting, and that indeed we are planning to resist.

20 Most of us for the first time in human
21 history, most of the stories, that most of the children,

1 black or white, or Asian or Hispanic, grow up with are
2 told no longer by their parents. This has never happened
3 before. No longer by the school, or the church, or the
4 community. No longer even by the native country in many
5 places, but increasingly by a handful of global
6 conglomerates that have nothing to tell but a lot to
7 sell.

8 (Loud applause.)

9 DR. GERBNER: It is no surprise that in the
10 market-driven cultural environment, we should explore
11 places of public resources because their airwaves are a
12 public resource. No other democratic country has
13 delegated and relegated the airwaves to a marketing
14 operation. But since we have done that, and once we have
15 accepted that totally incredible undemocratic condition,
16 it is no wonder in a market-derived culture, some people
17 appear to be privileged and others appear to be, if not
18 absent, under-represented.

19 I believe that in your folder there is -- I
20 have distributed, and if not, I can provide it for you --

1 a recent report of a study which is called Diversity
2 Index.

3 The Diversity Index shows that in the
4 networks' prime time television dramatic programming,
5 which is the primary socializing act of children who are
6 born into a home in which the set is on seven hours a
7 day, from infancy on, and tells most of the stories and
8 has taken the stories out of the hands of the parents and
9 the community.

10 And in that marketing-driven cultural environ-
11 ment, minorities are not only under-represented, but
12 over-victimized as our studies show, and poor people --
13 not even poor people but approximately the one-third at
14 the lower end of income distribution are distributed
15 about 1.3 percent of the characters. They are virtually
16 invisible.

17 And when they are represented, they are mostly
18 to appear on the news in connection with crime, with the
19 drugs, with violence. No wonder those of us who live in
20 the suburbs, basically white middle class people, who
21 form the most powerful electoral bloc, see the inner city